

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2703 – SB 2770

January 25, 2012

SUMMARY OF BILL: Authorizes the Tennessee Education Lottery Corporation (TELC) to sell lottery tickets via debit cards.

ESTIMATED FISCAL IMPACT:

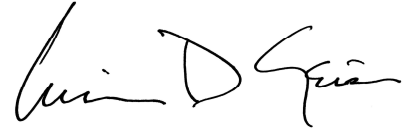
Increase State Revenue – Exceeds \$837,700/Lottery for Education Account

Assumptions:

- According to the TELC, 34 lottery jurisdictions currently are authorized to sell lottery tickets via debit cards.
- TELC indicates the amount of lottery tickets sold and the percentage of total sales attributable to debit cards in these 34 jurisdictions are unknown. This is due to retailers being required to deposit all funds (net of prizes and commissions earned), including funds accumulated from cash and debit card sales, into bank accounts maintained by the retailer for the purpose of electronic transfer of funds to the respective lottery.
- According to TELC, the fiscal impact of this legislation is not determinable at this time.
- There are approximately 4,500 retailers in Tennessee authorized to sell lottery tickets.
- Each retailer generates at least \$2.00 of incremental net ticket sales each day as a direct result of being authorized to sell lottery tickets via debit cards.
- The increase in net ticket sales revenue for the TELC is estimated to exceed \$3,285,000 (4,500 retailers x \$2.00 x 365 days) per year.
- Net lottery proceeds returned to the state for FY10-11 represented approximately 25.5% of net ticket sales.
- The increase in net lottery proceeds allocated to the Lottery for Education Account is estimated to exceed \$837,675 (\$3,285,000 x 25.5%) per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/rnc